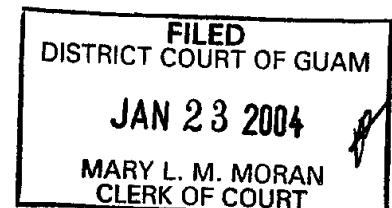


LAW OFFICES OF BRONZE & TANG

A Professional Corporation
BankPacific Building, 2nd Floor
825 South Marine Drive
Tamuning, Guam 96913
Telephone: (671) 646-2001
Facsimile: (671) 647-7671



Attorneys for Defendant
Hongkong and Shanghai Banking Corporation, Ltd.

DISTRICT COURT OF GUAM

ALAN SADHWANI, LAJU
SADHWANI, and K. SADHWANI'S
INC., a Guam corporation,

Plaintiffs,

v.

HONGKONG AND SHANGHAI
BANKING CORPORATION, LTD.,
et al.,

Defendants.

CIVIL CASE NO. 03-00036

DECLARATION OF I.C.
UNDERWOOD IN SUPPORT
OF MOTION TO STRIKE
JURY TRIAL DEMAND

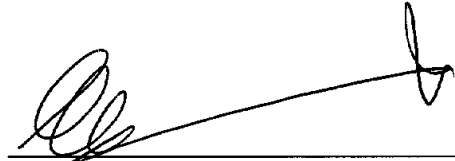
I, I. C. UNDERWOOD, do hereby declare and state as follows:

1. All matters herein are based on my own personal knowledge.
2. I am the Manager Guam and Saipan of Defendant Hongkong and Shanghai Banking Corporation, Ltd., ("HSBC"), in the above-entitled matter.
3. I am over 18 years of age, and legally competent to testify to the facts below and I do so based upon my own personal knowledge.
4. Attached as Exhibit "A," is a true and correct copy of the draft Renewal and Amendment of Credit Facilities dated October 22, 1997, with a handwritten note by HSBC's

Vice President of Corporate Banking stating "AS rejected as not meeting his requirement." "AS" is the code word in HSBC internal documents for Alan Sadhwani loan account.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

EXECUTED this 22nd day of January 2004.



I. C. UNDERWOOD

HongkongBank

Member HSBC Group

The Hongkong and Shanghai Banking Corporation Limited

436 So. Marine Drive, Tamuning, Guam 96911 U.S.A.



22 October 1997

Our Ref: GUM CBA 970456

PRIVATE AND CONFIDENTIAL

K. Sadhwani's Inc.
Sharp Plaza Building
136 C Kayen Chando
Sateena Mall
Dededo, Guam 96912

*AS requested on
and checking her
requirements.*

Attn: Mr. Alan Sadhwani, President

RE: RENEWAL AND AMENDMENT OF CREDIT FACILITIES

Dear Mr. Sadhwani:

With reference to our discussions we, The Hongkong & Shanghai Banking Corporation Limited (the "Bank"), are pleased to provide the following indication of the main terms and conditions under which the Bank would consider renewing the undermentioned credit facilities granted to K. Sadhwani's Inc. (the "Borrower").

The following terms and conditions are for indication only and are subject to formal approval by the authorized officers of the Bank. The said terms and conditions therefore in no sense or form represent a binding commitment on the part of the Bank.

A.	<u>FACILITY TYPE</u>	<u>OLD LIMITS</u>	<u>NEW LIMITS</u>
1.	Import Line:		
	a) Letters of Credit (LC)	USD2,500,000*	USD2,500,000*
	b) Clean Import Loans (CIL)	USD1,500,000*	USD1,000,000*
2.	Standby Letters of Credit (Standby LC)	USD 330,000	USD 300,000
3.	Term Loan	USD4,900,000	USD 4,900,000
4.	Term Loan	USD1,151,643	USD 750,000
5.	Term Loan	USD 386,000	USD NIL
6.	Term Loan	NIL	USD 500,000
	Total:	<u>USD9,267,643</u>	<u>USD8,950,000</u>

* Combined limits not to exceed USD2,500,000

Incorporated in Hong Kong with limited liability

P.O. Box 27C, Agaña, Guam 96932 • Telephone: (671) 646-3757-62 • Cables: Hongbank
Telex: 6309 • Fax: (671) 646-3767

Please address all letters to The Manager

EXHIBIT

"A"

K. Sadhwani's Inc.
Indication Letter
GUMCBA 970456
Page 2
22 October 1997

B. PURPOSE:

1. To facilitate/finance the importation of stock.
2. To issue Standby L/Cs on behalf of Tip Top Travel Agency and K.Sadhwani's Inc.
3. To refinance previous facilities.
4. To term out past due Clean Import Loans.
5. To finance construction of new retail complex (Now withdrawn).
6. To finance purchase of a new warehouse facility.

C. INTEREST RATES:

1. LC - 1/8 of 1.00% of DC amounts per month.
CIL- 0.75% over the Bank's Base Lending Rate adjusted monthly.
2. 1/8 of 1.00% of Standby LC amounts per month.
3. 0.75% over the Bank's Base Lending Rate adjusted monthly.
4. 0.75% over the Bank's Base Lending Rate adjusted monthly.
5. 0.75% over the Bank's Base Lending Rate adjusted monthly.
6. 0.75% over the Bank's Base Lending Rate adjusted monthly.

The Bank's Base Lending Rate means the base index rate established by the New York Office of the Bank from time to time in good faith in its discretion for general pricing of its short term loans to ordinary commercial borrowers. Such rates may be established and changed from time to time.

Clean Import Loans which are unpaid when they fall due will be charged to the Borrower's current account. Overdrawn current account balances up to USD250,000 will bear interest at the rate of 5% above the Bank's Base Lending Rate. Amounts in excess of USD250,000 will bear interest at the Banks unauthorized overdraft rate which is currently 19%.

Interest on other overdue amounts, both principal and interest, will accrue at 5% over the above rate.

D. REPAYMENT TERMS:

1. a) Due at sight.
b) Interest and principal due in 180 days.
2. Due upon claim in accordance with Standby L/C terms.

K. Sadhwani's Inc.
Indication Letter
GUMCBA 970456
Page 3
22 October 1997

3. USD 50,430 inclusive of interest with provision for a balloon payment on the 60th month. Principal amortized over 15 years.
4. USD 15,625 per month plus interest for 48 months.
5. Facility withdrawn.
6. USD 4,167 per month plus interest with provision for a balloon payment on the 60th month. Principal amortized over 10 years.

E. OTHER CHARGES:

A non-refundable arrangement fee of USD5,000.00 (being 1% of the new facility) will be due upon acceptance of the Bank's commitment letter should one be presented.

F. SECURITY:

1. Consolidated first mortgage over the following properties for the full facility amount:
 - a. Lot No. 2136-1-2, Tamuning, Guam (Dallas Lounge Building).
 - b. Lot Nos. 2141-1-3NEW & 2141-1-1-R1 Tamuning, Guam (Sharp Plaza Building).
 - c. Lot Nos. 2023-2-1-R1, 2025-4, & 2023-2-1-1 Tamuning, Guam (Tick Tock Building).
 - d. Lot No. 7, Block 8, Tamuning, Guam (Perezville vacant land).
 - e. Lot Nos. 10054-6, 10054-7, 10054-8, & 10054-R8, Dededo, Guam (Vacant lot).
 - f. Lot No. 2104-6NEW, Tamuning, Guam (HongkongBank Building).
 - g. Lot No. 16 & 19, Block 10, Dededo, Guam (Sateena Shopping Mall).
 - h. Lot Nos. 2136 #1-9-1, 2136 #1-8-1, & 2136 #1-7-1, Tamuning, Guam.
 - i. New property to be acquired (Second Mortgage) Tamuning, Guam
2. Consolidated Title Insurance policy over the above properties for the mortgaged amount showing the bank as beneficiary.
3. First leasehold mortgage for USD139,000 over Lot No. 006 H45 (the Saipan Tick Tock Building), Chalan Kanoa, Saipan.
4. Title Insurance Policy on security item no. 3 above for the mortgaged amount showing the Bank as beneficiary.
5. Hazard insurance policies on the improved properties listed above for not less than their replacement value showing the Bank as loss payee.
6. Assignment of rental income over the above properties.
7. Uniform Commercial Code First (UCC1) Financing Statement on all inventory, receivables, furniture, fixtures and equipment of the Borrower showing the Bank as senior lien holder.

K. Sadhwani's Inc.
Indication Letter
GUMCBA 970456
Page 4
22 October 1997

8. Hazard insurance policy on the items covered by the UCC1 Financing Statement above in form and content satisfactory to the Bank showing the Bank as loss payee.
9. Joint and several personal guarantees of Ashok and Laju Sadhwani for the full facility amount.

G. COVENANTS:

1. The Borrower shall maintain Gearing and Debt-to-Equity ratios (defined in the Appendix to this document) of no greater than 3.50 and 4.0 respectively.
2. The Borrower will at all times retain an adjusted Tangible Net Worth (defined in the Appendix to this document) of no less than USD 16.0 million.
3. The Borrower will not enter into any additional financial commitments without the Bank's prior written consent.
4. The audited financial statements of the Borrower should be submitted to the Bank no later than four months after the end of its fiscal year. Interim financial statements should be submitted to the Bank on a semi-annual basis, no later than 60 days after the end of each half year.

H. CONDITIONS PRECEDENT TO DRAWDOWN:

1. Clean Import loans remain current at all times prior to drawdown of facility 6 above.
2. Balloon payment of USD300,000 on facility 4 above prior to drawdown of facility 6. Above.
3. Confirmed renewal of the Guam Marketing Corporation lease for a period of not less than 3 years and lease payments not less than the existing contract.

I. OTHER TERMS AND CONDITIONS:

1. This facility is subject to review at any time and, in any event, by 31 October 1997.
2. The net worth statement of Ashok and Laju Sadhwani shall be submitted to the Bank on request.
3. The Bank reserves the right to require updated property appraisals once every two years by an appraiser approved by the Bank. The cost of the appraisal shall be for your account and will be automatically debited to your account if no other arrangements are made.
4. All appraisal/processing/legal/recording/inspection fees, if any, shall be for the Borrower's account. Your account will be debited automatically for these charges.
5. In the event the Bank has not received evidence that a required insurance policy has been renewed at least 10 days prior to expiry, the Bank reserves the right to purchase

K. Sadhwani's Inc.
Indication Letter
GUMCBA 970456
Page 5
22 October 1997

the required insurance without reference to you. The cost of this insurance will be automatically debited to your account or added to the loan amount payable.

6. Sale proceeds from any mortgaged property sales are to be applied to outstanding loans.

Notwithstanding the other terms mentioned above, we reserve our customary overriding right of repayment upon demand.

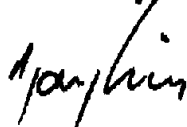
If the effect of any, or a change in any, law or regulation is to increase the cost to us of advancing, maintaining or funding this facility or to reduce the effective return to us, we reserve the right to require payment on demand of such amounts as we consider necessary to compensate us for any increased costs which continued to be incurred after the serving of 60 days notice.

Please arrange for the authorized signatories of your company, in accordance with the terms of the mandate given to the Bank, to sign and return to us the duplicate copy of this letter to signify your acceptance of the terms and conditions under which we propose to request approval for these facilities.

This indication letter will remain open for acceptance until the close of business on 3 November 1997 and if not accepted by that date will be deemed to have lapsed.

We are pleased to be of assistance.

Yours sincerely,



A. G. de G. Wise
A. G. de G. Wise
Vice President Corporate Banking

AGW\sjg

K. Sadhwani's Inc.
Indication Letter
GUMCBA 970456
Page 6
22 October 1997

BORROWER'S ACKNOWLEDGMENT AND ACCEPTANCE:

On behalf of K. SADHWANI'S INC., I hereby accept the terms and conditions of this indication letter.

By: Mr. Alan Sadhwani
Its: President
Date: _____

GUARANTORS' ACKNOWLEDGMENT:

As guarantors, we hereby acknowledge the terms and conditions of this indication letter.

Mr. Alan Sadhwani
Date: _____

Mrs. Laju Sadhwani
Date: _____

APPENDIX

"Adjusted Tangible Net Worth" as defined by the Bank, includes capital stock plus retained earnings and other reserves (including the hidden reserve accruing from the market value of fixed assets) less tangible assets.

"Gearing", as defined by the Bank, is total interest bearing debt dividend by adjusted tangible net worth.

"Debt to Equity", as defined by the Bank, is total debts divided by adjusted tangible net worth.